United Nations E/CN.17/IFF/2000/L.2

Economic and Social Council

Distr.: Limited
9 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Organizational and other matters

A. Opening and duration of the session

1. The Intergovernmental Forum on Forests of the Commission on Sustainable Development held its fourth session from 31 January to 11 February 2000, in accordance with Economic and Social Council decision 1999/280 of 29 July 1999. The Forum held ... meetings (1st to ... meetings).

2. The session was opened by one of the Co-Chairmen, Bagher Asadi (Islamic Republic of Iran).

3. At the same meeting, the Forum heard statements by the following keynote speakers: Louise Fréchette, Deputy Secretary-General of the United Nations, David Harcharik, Deputy Director-General of the Food and Agriculture Organization of the United Nations, and Chairman, Inter-Agency Task Force on Forests, Klaus Töpfer, Executive Director of the United Nations Environment Programme, and Eimi Watanabe, Assistant Administrator of the United Nations Development Programme.

4. The Chairman of the Commission on Sustainable Development, Juan Mayr Maldonado (Colombia), also addressed the Forum.

5. At the 2nd meeting, on 1 February, the Coordinator and Head of the Intergovernmental Forum on Forests secretariat made a presentation to the Forum.

B. Election of officers

6. At its 1st meeting, on 31 January, the Forum elected Andrea Alban (Colombia) as Vice-Chairperson by acclamation. It was also agreed that she would also serve as Rapporteur.

00-28624 (E) 090200

7. At its 3rd meeting, on 1 February, the Forum elected Claude Bouah-Kamon (Côte d'Ivoire) as Vice-Chairman by acclamation.

8. The Bureau of the Forum comprised the following officers:

Co-Chairmen:

Bagher Asadi (Islamic Republic of Iran)

Ilkka Ristimaki (Finland)

Vice-Chairpersons:

Andrea Alban (Colombia)

Claude Bouah-Kamon (Côte d'Ivoire)

Yevgeny Kuzmichev (Russian Federation)

Rapporteur:

Andrea Alban (Colombia)

C. Agenda and organization of work

9. At its 1st meeting, on 31 January, the Forum adopted its provisional agenda contained in document E/CN.17/IFF/2000/1, and approved its organization of work. The agenda was as follows:

1. Election of officers.
2. Adoption of the agenda and other organizational matters.
3. Promoting and facilitating the implementation of the proposals for action of the Intergovernmental Panel on Forests, and reviewing, monitoring and reporting on progress in the management, conservation and sustainable development of all types of forests:
   (a) Promoting and facilitating implementation (programme element I.a);
   (b) Monitoring progress in implementation (programme element I.b).
4. Matters left pending and other issues arising from the programme elements of the Intergovernmental Panel on Forests process:
   (a) Need for financial resources (programme element II.a);
   (b) Trade and environment (programme element II.b);
   (c) Transfer of environmentally sound technologies to support sustainable forest management (programme element II.c);
   (d) Issues that need further clarification:
      (i) Underlying causes of deforestation and forest degradation (programme element II.d (i));
      (ii) Traditional forest-related knowledge (programme element II.d (ii));

(iii) Forest conservation and protected areas (programme element II.d (iii));

(iv) Forest research (programme element II.d (iv));

(v) Valuation of forest goods and services (programme element II.d (v));

(vi) Economic instruments, tax policies and land tenure (programme element II.d (vi));

(vii) Future supply of and demand for wood and non-wood forest products (programme element II.d (vii));

(viii) Assessment, monitoring and rehabilitation of forest cover in environmentally critical areas (programme element II.d (viii));

(e) Forest-related work of international and regional organizations and under existing instruments (programme element II.e).

5. International arrangements and mechanisms to promote the management, conservation and sustainable development of all types of forests (programme element III).

6. Other matters.

7. Adoption of the report of the Forum on its fourth session.

10. Also at its 1st meeting, the Forum agreed to establish two in-session working groups, each to be chaired by one of the Co-Chairmen.

D. Attendance

11. The session was attended by representatives of ... States members of the Commission on Sustainable Development. Observers for other States Members of the United Nations and for the European Community, representatives of organizations of the United Nations system, and secretariats of treaty bodies, as well as observers for intergovernmental, non-governmental and other organizations also attended. A list of participants is contained in annex ...

E. Documentation

12. The Forum had before it the following documents:

(a) Note by the Secretariat on matters left pending and other issues arising from the programme elements of the Intergovernmental Panel on Forests process: forest-related work of international and regional organizations and under existing instruments (E/CN.17/IFF/1999/15);

(b) Report of the Intergovernmental Forum on Forests on its third session (Geneva, 3-14 May 1999) (E/CN.17/IFF/1999/25);

(c) Note by the Secretariat on priority forest policy issues (E/CN.17/IFF/2000/2);

(d) Note by the Secretariat on elements and functions for a future international arrangement and mechanism (E/CN.17/IFF/2000/3);

(e) Report of the Secretary-General on international arrangements and mechanisms to promote the management, conservation and sustainable development of all types of forests (E/CN.17/IFF/2000/4);

(f) Note by the Secretariat on promoting and facilitating implementation (E/CN.17/IFF/2000/5);

(g) Note by the Secretariat on forest-related work of international and regional organizations and under existing instruments (E/CN.17/IFF/2000/6);

(h) Letter dated 23 December 1999 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General, transmitting the Tehran Declaration and report of the Open-ended International Meeting of Experts on the Special Needs and Requirements of Developing Countries with Low Forest Cover and Unique Types of Forests, held at Tehran from 4 to 8 October 1999 (E/CN.17/IFF/2000/7);

(i) Letter dated 19 January 2000 from the Permanent Representatives of Indonesia and Sweden to the United Nations addressed to the Secretary-General, transmitting the summary report of the World Commission on Forests and Sustainable Development entitled "Our Forests ... Our Future" (E/CN.17/IFF/2000/8);

(j) Letter dated 21 January 2000 from the Ambassador and Chargé d'affaires of Costa Rica to the United Nations and the Permanent Representative of Canada to the United Nations addressed to the Secretary-General, transmitting the consolidated Report of the Costa Rica-Canada Initiative (E/CN.17/IFF/2000/9);

(k) Letter dated 6 January 2000 from the Permanent Representative of Australia to the United Nations addressed to the Secretary-General, transmitting the report of the South Pacific Subregional Workshop on Intergovernmental Forum on Forests Issues, held in Fiji from 22 to 24 September 1999 (E/CN.17/IFF/2000/10).

United Nations E/CN.17/IFF/2000/L.2/Add.1

Economic and Social Council

Distr.: Limited
9 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Forest conservation and protected areas (programme element II.d (iii))

Conclusions

1. The Intergovernmental Forum on Forests (IFF) noted the outcome of the in-depth study on the theme "International forest conservation: protected areas and beyond", sponsored by the Government of Australia, and the recommendations of the international expert meeting on protected forest areas sponsored by the Governments of the United States of America and Brazil.

2. The Forum recognized the importance of an ecosystem approach which underlines forest conservation and protection as an integral component of sustainable forest management. The establishment and management of protected forest areas within an ecosystem approach can contribute significantly to local economies and non-market benefits to society in the form of flood control, soil and watershed protection, and other ecological services essential to human well-being.

3. The Forum acknowledged that existing protected areas are important in protecting a number of forest values and represent considerable effort and achievement on the part of all concerned in their establishment and management. However, it was noted that fragmentation of forest land may be a constraint to the effective protection of biodiversity and ecological functions of forest areas. In a number of countries, existing protected areas are not, in themselves, sufficient to maintain forest conservation objectives. Forest conservation cannot be based solely on a rigid demarcation between protected areas and all other forms of land use, in particular commercial forest use. Where possible, protected areas should form part of a landscape continuum, where the conservation of biological diversity, environmental services and other values are also accorded priority in the wider context of other forest management and land-use practices in surrounding areas.

4. Most countries have adopted legislation, policies and strategies towards landscape management, biological diversity, forest conservation and protected areas. However, implementation and enforcement of these policies and laws in many countries is inadequate. Insufficient coordination of conflicting policies and practices, inappropriate implementation strategies and lack of political will and financial and human resources are widely recognized as the major reasons for the failure to achieve forest conservation goals in some countries. The effectiveness of the management of protected areas can be assessed in terms of security of status through the implementation

00-28631 (E) 100200

of appropriate legislation, the effectiveness of protection of biodiversity and ecological values, institutional capacity, positive social impacts and the level of support from indigenous and local communities (including indigenous people and other forest-dependent people practising traditional lifestyles, forest owners and local communities, many of whom possess important traditional forest-related knowledge; see General Assembly resolution S-19/2, annex, para. 37), and adequate financial support at both the national and international levels.

5. There are several existing categories of protected areas. The one developed by the World Conservation Union (IUCN) World Commission on Protected Areas is being used by many countries, United Nations institutions and major groups. IUCN is currently working with other organizations and countries to interpret the categories for use in national and international statistics. The categories need to be more flexible in order to encompass the wide range of forest protection regimes existing in various countries. There is also a need to develop common understanding on the key concepts, definitions and terminology concerning management regimes consistent with forest conservation inside and outside protected areas. In establishing and managing protected forest areas and identifying them with appropriate categories, consideration should be given to their value as representative of unique forest types, their potential to generate information on ecological processes, conservation of biodiversity and environmental services, and their impact on the indigenous and local communities and others depending on them for sustenance.

6. The forest sector is affected by policies that concern both public- and private-sector activities and by activities in other sectors. Many non-forest-sector policies, such as those related to regional development, resettlement, trade, structural adjustment and agriculture, may have intended or unintended profound perverse impacts on forest conservation goals. The success of efforts to achieve forest conservation will be enhanced with effective cross-sectoral linkages and coordination.

7. A greater awareness of the social, cultural, economic and environmental benefits, especially biological resources, of forest conservation and protected forest areas can help to generate public support and resources for forest conservation. Many civil society actors have an interest in forest conservation. The convergence of interests of indigenous and local communities and of protected forest areas needs to be further explored and identified so as to allow the effective participation of all interested parties. A variety of partnerships and international cooperation schemes, operating at different geographical scales at national and international levels and with different objectives, may be useful to the support of forest conservation and protected areas.

Proposals for action

8. The Forum recalled the proposals made by the Intergovernmental Panel on Forests for action relevant to this programme element (see, in particular, E/CN.17/1997/12, paras. 17 (f), 17 (i), 58 (b) (v), 67 (f) and 77 (f)).

9. The Forum invited countries to implement, with the assistance of international organizations, donor countries and financial institutions, the proposals for action of this new programme element through partnership mechanisms involving, where appropriate, the participation of governmental institutions, non-governmental organizations, community-based organizations, and indigenous and local communities.

10. The Forum encouraged countries to:

(a) Commit themselves to the protection, conservation and representativeness of all types of forests, consistent with national forest policies and programmes that recognize the linkage between forest conservation and sustainable development. This commitment may be achieved through a range of conservation mechanisms, reflecting varying national circumstances, applied within and outside of protected forest areas, and the complementary roles of protected forest areas and other sustainable forest management activities — for example, the production of wood and non-wood products and services, where forest conservation is promoted by other means;

(b) Develop and implement appropriate strategies for the protection of the full range of forest values, including cultural, social, spiritual, environmental and economic aspects; recognition of the multiple functions and sustainable use of all types of forests, with particular regard to biological diversity; participation of communities and other interested

parties; integration of the livelihood needs of indigenous and local communities; and planning and management on an ecosystem basis, in which special emphasis should be put on the continued integrity of genetic diversity;

(c) Develop and implement forest management mechanisms, as appropriate, that provide for partnerships and the participation of forest owners and of indigenous and local communities in support of forest conservation initiatives for sustainable forest management within the legal framework of each country;

(d) Develop financial support mechanisms to engage all interested parties, in particular forest owners and the private sector, in the planning and management of protected forest areas; and recognize protected forest areas under the stewardship of private forest owners or indigenous and local communities;

(e) Develop and apply consistently, as needed, criteria based on the adequacy, consistency and effectiveness of protected areas, following an ecosystem approach and incorporating reserve design principles that identify the need for new protected areas critical to the protection and maintenance of environmental services. In this regard, consideration should be given to linking protected areas, where possible, with corridors and buffer zones in order to form networks;

(f) Develop and implement a range of innovative mechanisms for financing and encouraging forest conservation, including economic incentives, voluntary guidelines, forest regulations, private contracts, taxes and charges, reinvestment of returns from protected areas, forest-related industries, and environmental services in forest conservation; tax deductions for private forest conservation; direct charges for protected area use; and possible returns from carbon sequestration, in accordance with, and within the context of the implementation of relevant articles of the Kyoto Protocol and the United Nations Framework Convention on Climate Change;

(g) Contribute to a global and regional assessment of the current status of protected forest areas, including total number, extent of each area, objectives of establishment, effectiveness of management, IUCN-system equivalent category, and basic biological and social information available. This can assist in the establishment of bio-geographically balanced networks of protected forest areas.

11. The Forum encouraged countries that share ecologically important or unique transboundary forests to establish joint protected forest areas, including ecological corridors of regional and/or global significance, and establish agreed guidelines concerning their collaborative management.

12. The Forum called upon countries, international financial institutions and other donors to provide financial support and other resources to activities in developing countries related to forest conservation and to the implementation and management of protected areas in the surrounding landscape, in accordance with national action plans, where such plans exist, through, *inter alia*, institutional strengthening and capacity-building; research and education and public awareness; promotion of access, development and transfer of environmentally sound technologies; and technical and scientific cooperation.

13. The Forum encouraged countries, relevant international organizations and institutions to cooperate in developing methodologies for assessing the conditions and management effectiveness in existing protected forest areas and the surrounding landscape and in protected forest area networks, taking into account the various efforts under way in several countries to build further capacity to collect, organize, utilize and share information and experience, including indigenous and local knowledge, in order to create and manage protected forest areas.

14. The Forum invited countries, relevant international organizations and institutions to work collectively to develop further guidelines for consistency in the interpretation and use of existing IUCN categories of protected areas for application in a national context, and to develop a global approach for assessing the effectiveness of protected forest area management in relation to environmental, social, cultural and other relevant objectives.

15. The Forum urged countries, international financial institutions and other donors to improve coordination, at both the national and international levels, of policies and programmes that affect forest conservation and to address cross-sectoral policies, structural adjustment packages and perverse incentives.

United Nations E/CN.17/IFF/2000/L.7/Add.2

Economic and Social Council

Distr.: Limited
10 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Issues that need further clarification: underlying causes of deforestation and forest degradation (programme element II.d (i))

Conclusions

1. The Intergovernmental Forum on Forests (IFF) reiterated the need for the implementation of the proposals for action on this programme element adopted by the Intergovernmental Panel on Forests (IPF), and noted their continuing relevance and validity. In this context, it noted the recommendations of the global workshop held in Costa Rica in January 1999.

2. To overcome major obstacles when addressing the underlying causes of deforestation and forest degradation, IFF stressed the importance of policy consistency inside and outside the forest sector. Furthermore, it emphasized the need for effective policy coordination for addressing underlying causes of deforestation, which are often interrelated and social and economic in character, and include poverty; lack of secure land tenure patterns; inadequate recognition of the rights and needs of forest-dependent indigenous and local communities within national laws and jurisdiction; inadequate cross-sectoral policies; undervaluation of forest products and services; lack of participation; issues of governance; absence of a supportive economic climate that supports sustainable forest management; [corruption;] illegal trade; lack of capacity; lack of enabling environment, at both the national and international levels; and national policies that distort market and encourage forest land conversion to other uses, including in low forest cover lands. It was further noted that the underlying causes of deforestation and forest degradation as well as the approaches to deal with them are often country specific and therefore vary among countries.

00-28811 (E) 100200

3. IFF continued to recognize the need for analysis at the national and international levels of the sequence of causes contributing to changes in the quantity and quality of forests, in particular by using the diagnostic framework referred to in the report of IPF on its fourth session (see E/CN.17/1997/12, para. 31).

4. IFF, while recognizing the important role of Governments in establishing national policies in their respective countries towards attaining sustainable forest management, stressed that the private sector, both in developing and developed countries, also has an important role to play in forest policy development and implementation. Combating deforestation requires the involvement of many actors, including national and subnational Governments, civil society, forest owners, international organizations, the private sector, research organizations, and international and bilateral aid agencies. Broad participation of indigenous and local communities (including indigenous people and other forest-dependent people practising traditional lifestyles, forest owners and local communities, many of whom possess important traditional forest-related knowledge; see General Assembly resolution S-19/2, annex, para. 37) and women in forest-related processes is needed. All actors need to work together to initiate processes, both at the national and international levels, to address effectively underlying causes of deforestation and forest degradation.

5. A major challenge which now lies ahead concerning deforestation is the implementation of the IPF proposals for action. For developing countries, this involves responding to political, financial and technical needs and priority to national forest policies and programmes; for country donors and international organizations, it involves more focused cooperation and coordination in support of their efforts on agreed priority areas for action.

6. The valuation of all goods and services, including biological resources (as defined by the Convention on Biological Diversity) provided by forests, is needed to realize its importance compared with other land uses. Inadequate valuation of natural forests is an important underlying cause of deforestation. The non-valuation of non-marketable environmental and social services of forests is a market failure, and inappropriate subsidies that encourage conversion of forested lands should be discouraged. Deforestation is closely related with the lack of economic and financial competitiveness of sustainable forest management compared with other alternative uses of the land. Current economic valuation of forest resources has often resulted in inadequate incentives for sustainable resource use, which in turn induce environmental degradation. The pricing of forest goods and services as well as their substitutes should include environmental and social costs and benefits. In relation to this, the Forum underlines the importance of its work on valuation (see programme element II.d (v)) and economic instruments (see programme element II.d (vi)).

Proposals for action

7. IFF recalls the following IPF proposals for action relevant to this programme element (see E/CN.17/1997/12, paras. 17 (e), 17 (f), 27 to 31, 67 (g), 70 (c) and 77 (f)).

8. IFF stressed the importance of implementing the IPF proposals for action on underlying causes of deforestation and forest degradation, with particular emphasis on the needs and requirements of low forest cover countries and countries with fragile forest ecosystems. In order to further their effective implementation, IFF encouraged countries, with the assistance of international organizations, donor countries and financial institutions, to implement the following additional proposals through partnerships involving, where appropriate, the participation of government institutions, non-governmental organizations,

community-based organizations, indigenous and local communities, forest owners and the private sector:

(a) Further study and take practical measures to address the chains of causality of the underlying causes of deforestation and forest degradation within each country, including the impact of poverty and the impact of processes outside the forest sector;

(b) Create appropriate procedures in order to promote effective participation of all interested parties in decision-making about forest management;

(c) Support appropriate land tenure law and/or arrangements as a means to define clearly land ownership, as well as the rights of indigenous and local communities and forest owners, for the sustainable use of forest resources, taking into account the sovereign right of each country and its legal framework;

(d) Develop mechanisms, as appropriate, to improve land access and use of forest resources on a sustainable basis;

(e) Support capacity-building in communities, in particular for those with responsibilities in forest management, including in low forest cover countries, and create awareness in the society at large on the importance of issues related to deforestation and forest degradation;

(f) Support and promote community involvement in sustainable forest management through technical guidance, economic incentives and, where appropriate, legal frameworks;

(g) Promote maintenance and enhancement of forest resources through sustainable forest management practices, and promote the creation of new forest resources through the establishment of planted forests and other means, such as rehabilitation of degraded forests, taking into consideration their social, cultural and environmental impacts, and economic costs and benefits;

(h) Identify and measure internalization of externalities, and introduce positive incentives in both the forest and non-forest sectors that may help combat deforestation and forest degradation;

(i) Support local community programmes for capacity-building and credit facilities, and facilitate access to domestic and external markets of forest products and services;

(j) Request international financial institutions to analyse the impacts of foreign debt on deforestation and forest degradation, and request international financial institutions to explore, in cooperation with donor and recipient countries, innovative financial approaches and schemes for helping countries to promote sustainable forest management.

9. IFF invited international financial institutions to strengthen transparency in decision-making as it affects sustainable forest management, and to ensure that their policies support sustainable forest management.

10. IFF also invited countries to use national forest programmes, as appropriate, or other relevant programmes to involve indigenous and local communities and women to participate in the formulation and implementation of measures that aim to protect their rights and privileges in relation to forest lands, traditional forest-related knowledge and forest biological resources (as defined by the Convention on Biological Diversity).

11. IFF encouraged Inter-Agency Task Force on Forests (ITFF) member organizations to support the elaboration of a comprehensive study of land tenure issues related to deforestation and forest degradation.

United Nations E/CN.17/IFF/2000/L.2/Add.3

Economic and Social Council

Distr.: Limited
10 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Issues that need further clarificaiton: traditional forest-related knowledge (programme element II.d (ii))

Conclusions

1. The involvement of indigenous people and local communities (including indigenous people and other forest-dependent people practising traditional lifestyles, forest owners and local communities, many of whom possess important traditional forest-related knowledge; see General Assembly resolution A/S-19/2, annex, para. 37) and the understanding and use of their traditional knowledge, as well as recognition of their rights to the natural resources in their traditional areas within national laws and jurisdiction, can support the formulation, design, implementation and monitoring of policies towards sustainable forest management. The sharing and application of this knowledge can help interested parties to avoid procedures that impact unfavourably on ecosystems and local social systems. Traditional knowledge can complement new technologies, and might be adapted and used more widely. In this context, the Intergovernmental Forum on Forests (IFF) recalled relevant Intergovernmental Panel on Forests (IPF) proposals for action (in particular, E/CN.17/1997/12, para. 40 (r)).

2. IFF recognized the need to further explore the modalities for promoting greater recognition, respect and protection of traditional forest-related knowledge involved in sustainable forest management. Further understanding of the role of traditional forest-related knowledge in sustainable forest management can be achieved by identifying traditional systems that promote management, conservation and sustainable use of forest resources, in accordance with article 8 (j) and other provisions of the Convention on Biological Diversity and proposals for action derived from the IPF/IFF process.

3. Several processes relevant to the application and development of legal and other forms of protection of traditional forest-related knowledge are being addressed through different

00-28777 (E) 100200

international organizations and instruments. There should be a close cooperation and coordination between the work of the Convention on Biological Diversity and the implementation of IPF/IFF proposals for action. While recognizing the importance of the work of the World Intellectual Property Organization (WIPO) and the Convention and of effective protection mechanisms for traditional knowledge systems and practices, and recalling the proposed memorandum of understanding between WIPO and the Convention, IFF stressed the importance of ongoing work to develop a common appreciation and understanding of the relationship between the intellectual property rights, *sui generis* or other relevant systems for protection, and the Convention on Biological Diversity.

4. In keeping with Agenda 21, chapter 26, and also noting the relevant International Labour Organization (ILO) convention, IFF recognized the critical importance of the rights of indigenous and local communities to participate in the conservation and management of all types of forests and forest biological resources.

5. IFF noted and welcomed the establishment of the Ad Hoc Open-ended Inter-sessional Working Group on article 8 (j) and related provisions of the Convention on Biological Diversity, in which indigenous and local communities are participating.

Proposals for action

6. IFF recalled IPF proposals for action relevant to this programme element (in particular, E/CN.17/1997/12, paras. 40 (a) to 40 (r) and 132 (c)).

7. IFF called upon countries to:

(a) Implement effective measures to recognize, respect, protect and maintain traditional forest-related knowledge in sustainable forest management, including forest biological resources (as defined by the Convention on Biological Diversity) within their intellectual property rights, *sui generis* or other relevant systems for protection, as appropriate, taking into account the relevant work being advanced by the Convention on Biological Diversity and other relevant international agreements;

(b) Promote fair and equitable sharing of benefits, including consideration of payments, where appropriate, arising from the use of such knowledge, innovations and practices, in accordance with, *inter alia*, article 8 (j) and related provisions of articles 15, 16 and 19 of the Convention on Biological Diversity and other relevant international agreements and taking into account national law, with the holders of such knowledge, innovations and practices;

(c) Work with relevant international organizations to help to develop a common appreciation and understanding of the relationship between the intellectual property rights, *sui generis* or other relevant systems for protection, and the Convention on Biological Diversity, including work, as appropriate, on addressing issues related to the identification of origins of traditional forest-related knowledge, [*and including forest biological resources (as defined by the Convention on Biological Diversity),*] with a view to protecting such knowledge from inappropriate use;

(d) Develop or strengthen, as appropriate, and implement, at the national level, legislation and policies to achieve objectives under article 8 (j) and related provisions of the Convention on Biological Diversity, and support efforts by relevant international organizations and institutions regarding the protection and application of traditional forest-related knowledge, which can include the development of guidelines, in accordance with their mandates.

8. IFF invited the Conference of Parties of the Convention on Biological Diversity, with the participation of indigenous people and local communities, through the Ad-Hoc Open-ended Inter-sessional Working Group, in its programme of work, under the related provisions of the Convention on Biological Diversity, to include options for collecting, recording, applying and locating traditional forest-related knowledge, recognizing the need to foster the wider application of such knowledge, innovations and practices, with the [*legal/official prior/informed*] approval and involvement of the holders.

United Nations E/CN.17/IFF/2000/L.2/Add.4

Economic and Social Council

Distr.: Limited
10 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Need for financial resources (programme element II.a)

Conclusions

1. The Intergovernmental Forum on Forests (IFF) reiterated the relevance and validity of the Proposals for Action of the Intergovernmental Panel on Forests (IPF) on financial assistance. A substantial increase in financing from all sources, including domestic and international, public and private, is required for the effective management, conservation and sustainable development of all types of forests, especially in many developing countries. It is equally important to increase efficiency and effectiveness of available resources and existing mechanisms.

Alternative texts for the last sentence of para. 1

(EU):

[Developing countries, including countries with low forest cover and particularly the least developed countries, need special consideration in financial cooperation to meet their needs for forest products and services sustainably and sustainably manage their forests, and in some cases, expand their forest cover.]

(G77):

[Developing countries, particularly the least developed countries and countries with low forest cover, need special consideration in financial cooperation to meet their need for forest products services sustainably. These countries may also require special assistance to enable them to expand their forests and to [sustainably] manage their [unique types of] forests.]

2. IFF recognized the need for greater investment from all sources to promote sustainable forest management. Mobilizing new and additional financial resources for sustainable forest

00-28805 (E) 100200

management requires innovative strategies that address the widely increasing need for public financing for forests as well as the creation of an attractive and adequate policy environment for private investments in sustainable forest management. Achieving the sustainable forest management policy goal requires recognizing the benefits of attaining profitability of sustainable forestry practices while discouraging unsustainable forest exploitation. In the case of domestic public and private sources, a major aim is to increase revenues from sustainably produced forest products and services, including [forest-related biological resources] [those related to biological diversity of forests] while encouraging the necessary reinvestment in sustainable forest management.

3. Private-sector investments in sustainable forest management are generally inhibited by factors resulting from policy and market imperfections as well as those related to the specific characteristics of forestry, such as risk and uncertainties associated with long rotation periods and uneven distribution of benefits and costs over time. There is a potential for sustainable forest management to be financially self-sustaining in the long run but bridging financing is often required during the transition period.

4. The roles of public and private sector financing sources are distinct but complementary and they should be jointly considered in financing strategies for sustainable forest management. However, private sector investment should not be considered a substitute for international public funding, including official development assistance (ODA). Both international and domestic public financing have supportive roles to play in the transition process to sustainable forest management. The purpose of public sector financing is, *inter alia*, to promote the enhancement of the environmental, social and economic functions of forests, whereas that of the private sector is often to generate wealth and create markets in a manner that is consistent with national policies and regulations. It is desirable to expand the role of private sector resources in the financing of sustainable forest management. The mobilization of private sector resources often requires policy adjustments in order to create enabling conditions for sustainable forest management such as appropriate legal and institutional frameworks and provision of incentives. In developing countries, the public funding related to forests, both domestic and international, including ODA, is needed for capacity-building, leveraging private-sector funding, and financing environmentally sound development projects and programmes for sustainable forest management according to national priorities.

5. Financial flows into the forest sector should support and be consistent with the development and implementation of national forest programmes and initiatives. In this regard, sustainable forest management should be considered one of the priorities in domestic financial resource allocation as well as in programming ODA available for forest-related activities.

6. The more efficient and effective use of all financial resources is enhanced by transparent and effective administrative and management arrangements, and the involvement and participation of interested parties. Adequate institutional capacity is essential for the better absorption and utilization of existing as well as additional international public funding for sustainable forest management. The provision of domestic and international financial resources to strengthen and reinforce institutional and management capacity in developing countries is therefore necessary.

7. Availability of timely and relevant information on financial flows from all sources and on financial mechanisms is instrumental in helping countries and their cooperation partners take more focused actions to support sustainable forest management. There is therefore a need to develop cost-effective and efficient information systems. Country case

studies could be useful to further understand the role of financial flows from different sources and to help ensure effectiveness in achieving sustainable forest management.

8. In the context of current mandates and frameworks of existing international financial institutions and programmes, the proposal for establishing an international financial mechanism to support sustainable forest management was deliberated upon. In this regard, it was proposed that an international fund for forests be established in order to support, *inter alia*, the additional costs during the transition period towards sustainable forest management, and that such an international financial arrangement or mechanism should preferably (a) involve participating donors and beneficiaries in relevant decision-making, (b) respond to national needs and support national forest programmes, (c) facilitate internalizing externalities of forests in promoting sustainable forest management, (d) build on or link with national financing mechanisms, (e) be transparent and administratively efficient, (f) complement the financing mechanisms of relevant multilateral agreements, and (g) have secure and sustained funding sources. However, reservations were also voiced regarding the establishment of an international fund for forests.

9. The concept of an international investment promotion entity to mobilize private sector investment in sustainable forest management deserves further consideration. Any such entity need not require the creation of a new organization and could be integrated within existing institutions. Such an investment promotion entity could catalyse and support activities related to information, capacity-building, technology transfer, and finance between the public and private sectors to facilitate investment in sustainable forest management. International financial and investment promotion mechanisms for sustainable forest management, though independent, could be complementary and mutually reinforcing.

10. IFF recognized that developed countries should fulfil the commitments they have undertaken to reach the accepted United Nations target of allocating 0.7 per cent of gross national product to ODA as soon as possible.

Proposals for action

11. IFF recalled the IPF proposals for action relevant to this programme element, including E/CN.17/1997/12, paragraphs 67-71, and called upon countries and relevant international organizations to:

(a) Increase financial resources and make or intensify efforts to improve the effectiveness and efficiency of available resources for sustainable forest management, and use national forest programmes or other integrated programmes as the basis for channelling, prioritizing and increasing financial assistance to the forest sector in developing countries;

(a) *bis*. [Give special consideration to providing financial assistance to developing countries, particularly the least developed countries and developing countries with low forest cover, to address their needs for forest products and services sustainably];

(b) Continue further exploration, identification, and development of [new and] improved and more effective financial mechanisms, and further explore the potential and results of innovative use of existing mechanisms to promote sustainable forest management, taking into account the full range of goods and services, including [forest related biological resources] [those related to biological diversity of forests], and sharing experience and information on such mechanisms;

(c) Encourage private investments in sustainable forest management by providing a stable and transparent investment environment within an adequate regulatory framework that also encourages the reinvestment of forest revenues into sustainable forest management;

(d) [Create an international forest fund to support, *inter alia*, the additional costs during the transition period towards sustainable forest management;]

(e) Undertake activities for systematic collection and analysis of financial flows data in the forest sector in order to enable informed and rational policy decisions based on reliable information;

(e) *bis*. [Consider the need for preparing a study integrating such issues as the valuation of forest goods and services, including biological resources, and the international trade of forest goods, taking due account of the effects of international restrictions, such as tariff escalations, and other protective measures];

(f) Make full use of the potential of existing mechanisms, such as the Global Environment Facility (GEF), consistent with their mandates[, and explore options to expand their scope] [, and review their scope] for financing a wider range of sustainable forest management activities;

(g) Explore the feasibility of operationalizing an investment promotion entity, taking into account the functions and circumstances under which such an entity would operate as well as its scope in relation to the existing financial mechanisms.

United Nations E/CN.17/IFF/2000/L.2/Add.5

Economic and Social Council

Distr.: Limited
10 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Monitoring progress in implementation (programme element I.b)

Conclusions

1. The Intergovernmental Forum on Forests (IFF) recognized that there are various aspects to data collection, monitoring, assessment and reporting. One aspect relates to assessing progress in implementation of the Intergovernmental Panel on Forests (IPF) proposals for action in terms of existing and, if appropriate, new legislation, policies, programmes and processes. Another aspect relates to assessing trends in the management, conservation and sustainable development of all types of forests as well as the state of forests, and to make the best use of criteria and indicators for sustainable forest management. IFF also recognized that the national implementation of criteria and indicators and assessing progress is affected by enabling conditions and mechanisms, including financial and technical resources. The primary value and benefits of reviewing, monitoring and reporting is at the national level. Efforts should be made to make national data timely, accurate and internationally comparable, as well as transparent and accessible to all interested parties.

2. The collection, assessment, monitoring, organization, reporting and dissemination of data can involve substantial costs and institutional capacity. Therefore, efforts should be made to avoid duplication by utilizing, where appropriate, existing reporting systems of international organizations and instruments, and by harmonizing, where appropriate, existing monitoring and reporting systems.

3. There is a need to build and strengthen institutional, technical and human capacity at the national level to enable periodic monitoring of the state of forests in order to measure and report on policy effectiveness and progress towards sustainable forest management as well as to identify priority areas of action. Monitoring, assessment and reporting activities

00-28839 (E) 100200

should be integrated into national forest programmes. Approaches to strengthening national capacities should be practical and cost-effective.

4. Cooperation, coordination and partnership among countries and between countries and organizations would assist capacity-building. In this regard, greater priority should be given by all countries to financial and technical assistance programmes and the transfer of technology to help developing countries to strengthen their capacity for reviewing, monitoring and reporting.

5. There is also a need to develop a better common understanding of key concepts, definitions and terms at both the national and international levels, as well as greater comparability of data that permits aggregation at the regional and global levels. This would assist countries in meeting the various demands for reviewing, monitoring and reporting on forests by international instruments, multilateral organizations and various regional and international criteria and indicator processes.

6. Criteria and indicators for sustainable forest management are important tools for reviewing, monitoring and reporting on the state of and trends in all types of forests and for assessing progress towards sustainable forest management. Incorporating the results of criteria and indicators, for instance, in voluntary national reporting to the Commission on Sustainable Development, as well as to the Food and Agricultural Organization of the United Nations (FAO) global forest resources assessment, national forest programmes reporting, and the *State of the World's Forests* reporting would provide useful bases to assess progress towards management, conservation and sustainable development of all types of forests.

Proposals for action

7. IFF recalled the IPF proposals for action that are relevant to this category (in particular, E/CN.17/1997/12, paras. 17 (g), 17 (i), 70 (e), 77 (f), 78 (b), 78 (c),115 (a) and 115 (b)).

8. IFF encouraged countries to:

(a) Prepare national information on the management, conservation, and sustainable development of all types of forests as the basis for any consolidated information on forests at the international level. [Adequate financial resources, both domestic and international, should be available for capacity-building and implementation of national reporting initiatives;]

(b) Make forest-related information for reviewing, monitoring and reporting progress in implementation of sustainable forest management widely available and accessible to policy makers and to interested groups, noting the important role that subnational levels of government and interested groups play in contributing to assessment and information gathering;

(c) Report on the implementation of IPF proposals for action in the context of reporting on forests to the Commission on Sustainable Development at its eighth session, taking into account, where appropriate, the process used to assess the relevance of the proposals and priorities for action, the organizations and interested parties involved, and noting progress made and the areas where new actions could be undertaken;

(d) Further develop and implement, with the support of international organizations, as appropriate, criteria and indicators for sustainable forest management, and use them as a basis for reviewing, monitoring and reporting national trends in the state of forests, as well

as progress on the management, conservation and sustainable development of all types of forests;

(e) Encourage the donor community to assist developing countries in preparing national information and reports on forests, recognizing that information collection and reporting are costly activities.

9. IFF encouraged ITFF member organizations and other relevant international and regional organizations to consult with countries regarding collection and synthesis of national information in order to facilitate accurate reporting with a view to having countries verify the information synthesized, and give effective feedback on the overall results of data collection and reporting and make such information widely available and accessible to policy makers and to interested groups.

10. IFF encouraged countries, Inter-Agency Task Force on Forests (ITFF) member organizations and other relevant international and regional organizations to:

(a) Develop harmonized, cost-effective, comprehensive reporting formats for collecting and synthesizing national forest information to meet the diverse demands for reliable and timely data by various forest-related international organizations and instruments. There is a need to incorporate information on relevant criteria and indicators for sustainable forest management, including indicators on environmental, social and economic functions, such as non-wood products, forest resources and services, and the competitiveness of forest products at the domestic and international levels, into such reporting formats in order to reduce reporting burdens on countries and increase the timeliness and consistency of reporting;

(b) Improve the effectiveness of coordination and partnership within countries and with international organizations and instruments as a means of building the capacity in developing countries for periodic and timely collection, review, synthesis and utilization of information related to sustainable forest management.

United Nations E/CN.17/IFF/2000/L.2/Add.6

Economic and Social Council

Distr.: Limited
10 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Transfer of environmentally sound technologies to support sustainable forest management (programme element II.c)

Conclusions

1. The Intergovernmental Forum on Forests (IFF) reiterated the importance of the Forest Principles, chapter 34 of Agenda 21, the Programme for the Further Implementation of Agenda 21 (General Assembly resolution S-19/2, annex) and decision 6/3 adopted by the Commission on Sustainable Development at its sixth session, to the transfer of environmentally sound technologies in support of the management, conservation and sustainable development of all types of forests. IFF emphasized the strong links among sustainable forest management and transfer of technologies, capacity-building and institution-building, investment and financing from both public and private sources.

2. Although not every constraint to sustainable forest management can be alleviated by the transfer of technology, IFF emphasized that improved access to and utilization of environmentally sound technologies have great potential for enhancing sustainable forest management. Indeed, policy environments and measures favourable to sustainable forest management and investment are as important as the availability and appropriate application of the technologies themselves.

3. Efforts to enhance technology cooperation through the development, transfer and diffusion of environmentally sound technologies should recognize the important but differentiated contributions of the public and private sectors, while stressing the governmental role in developing and fostering an enabling policy, legal and institutional framework.

4. National forest programmes, as described in the report of the Intergovernmental Panel on Forests (IPF) on its fourth session (see E/CN.17/1997/12, para. 17 (a)), should facilitate

00-28845 (E) 100200

development and transfer of environmentally sound technologies in support of sustainable forest management and forest products processing. There is a need to further the participation of interested parties in forest-related technology development and to facilitate efficient adaptation and use of technologies and know-how, in accordance with national legislation, through partnerships among the public and private sectors, including research centres, universities and companies, and indigenous people, local communities and non-governmental organizations.

5. There is a wide range of available environmentally sound technologies, particularly in developed countries, that can support sustainable forest management. The policies, actions and types of financing that are needed for efficient selection, transfer, adaptation and use of these technologies vary, depending on the type of technology, local conditions and intended use. They should be demand-driven and consistent with national priorities for sustainable forest management, as expressed in management, conservation and sustainable development of all types of forests and, where appropriate, should be reflected in national forest programmes. IFF stressed that the international community should promote, facilitate and finance, as appropriate, access to and transfer of environmentally sound technologies and the corresponding know-how, in particular to developing countries, on favourable terms, including concessional and preferential terms, as mutually agreed, taking into account the need to protect intellectual property rights as well as the special needs of developing countries for the implementation of Agenda 21.

6. Efforts for the comprehensive assessment of technology needs and suitability have been insufficient so far. Many countries, in particular developing countries, need to strengthen their capacities for assessment of the environmental soundness, economic sustainability and social impacts of technologies.

7. Developing low forest cover countries have technological needs related to, in particular, afforestation for land rehabilitation, reforestation and restoration of degraded forests and for sustainable management of existing, often unique, forests.

8. Opportunities do exist to finance and support North-South technology transfer through official development assistance (ODA). Further opportunities also exist to finance and support North-South cooperation in technology transfer through public and private partnerships, joint ventures and foreign direct investments. There is also an important role for international organizations in the dissemination and facilitation of transfer of existing knowledge. Efficient and effective private-sector involvement in North-South technology transfer depends on mutual interests and an appropriate enabling environment, including promoting policy instruments aimed at creating a favourable environment to attract foreign private investment. International and regional organizations have an important role to play in the field of forest-related technology transfer. Regional networks could contribute to a more effective and efficient use of already existing technologies.

9. South-South cooperation is complementary to North-South transfer of technology and know-how. There is potential for further strengthening of South-South transfer of technology and know-how. Technologies generated in the South may be more accessible, more applicable and less costly and have greater potential for diffusion than some technologies developed in the North. Environmentally sound indigenous technologies, including traditional forest-related knowledge, should be given special attention, as appropriate, and transfer of such technologies or know-how must be carried out with the consent of the holder and according to national legislation.

10. IFF recognized the importance of technologies related to biological resources (as defined by the Convention on Biological Diversity) of forests. In this respect, cooperation

between developed and developing countries should be strengthened on transferring and, as required, developing technologies for the sustainable use of biological resources (as defined by the Convention on Biological Diversity) of forests, as they relate to the management, conservation and sustainable development of all types of forests consistent with and building on progress under the Convention on Biological Diversity and without prejudice to the commitments undertaken by parties to the Convention within its scope.

11. To date, relatively little attention has been given to the need for increased technology and know-how diffusion to end-users through forest extension services. Some countries have, to that end, effective mechanisms and/or extension programmes, which have a significant potential to be emulated by a broader set of countries.

12. There is an urgent need for implementation of modern, appropriate environmentally sound wood energy technologies, which would enable more efficient use of waste and by-products created by forest logging and wood processing, as well as wood harvested for fuelwood, for both industrial and household uses.

13. Focused attention should be given to gender mainstreaming related to capacity-building and technology transfer, particularly in the context of wood energy use, tree cultivation for household energy use, sustainable forest management and tenure, and ownership of forests and lands designated for afforestation. Appropriate technologies for the use of wood as an energy source at the rural household level have a great potential to enhance the health and socio-economic status of women in many developing countries.

Proposals for action

14. IFF stressed the importance of implementing the IPF proposals for action on the transfer of environmentally sound technologies. In order to further their effective implementation, IFF:

(a) Urged countries, consistent with decision 6/3 of the Commission on Sustainable Development as well as paragraph 77 of the IPF proposals for action (E/CN.17/1997/12), to initiate actions towards the broadening and development of mechanisms and/or further initiatives to enhance the transfer of technology from developed countries to developing countries to promote sustainable forest management;

(b) Urged all countries to develop an enabling policy, legal and institutional framework that encourages appropriate public and private sector investments in environmentally sound technologies for sustainable forest management in line with the respective national forest programmes, where applicable;

(c) Urged countries and relevant international organizations to support the Strengthening of cooperation between institutions to facilitate the assessment of needs for adaptation and transfer of forest-related environmentally sound technologies through North-South and South-South cooperation. Those institutions recognized as centres of excellence should act as clearing houses, in line with Agenda 21, chapter 34, in order to expedite the flow of these technologies;

(d) Urged all countries to recognize the importance of the transfer of technologies to developing countries and economies in transition, including human and institutional capacity-building, as an integral part of the process of investment and sustainable development; and the importance of combining technology transfer with training, education and institutional strengthening in order to promote effective use and broad dissemination of environmentally sound technologies;

(e) Urged all countries, in particular developed countries, to take further concrete measures to promote and facilitate the transfer of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed, taking into account the need to protect intellectual property rights in accordance with the relevant international and domestic laws, in order to put into further practice the recommendations of Agenda 21, the Commission on Sustainable Development and IPF, and in this context to mobilize further support for the development and application of appropriate technologies and corresponding know-how within these countries to enhance their capacities to implement sustainable forest management;

(f) Urged countries and relevant international organizations to consider practical measures to promote the diffusion of environmentally sound technologies to end-users, particularly in local communities in developing countries, through the efficient use of extension services;

(g) Urged countries and relevant international organizations to enhance partnerships, and to initiate, as appropriate, coordinate and cooperate in forest-related technical and financial assistance and capacity-building in respect of the transfer, development and application of environmentally sound technologies;

(h) Underscored the importance of assisting developing countries with low forest cover and those with fragile forest ecosystems in their efforts in respect of capacity-building that would facilitate the development and transfer of environmentally sound technologies to address those needs;

[(i) Urged countries to promote fair and equitable sharing of benefits, upon mutually agreed terms, of the utilization of forest biological resources, and the results of research and its applications, especially addressing the recognition to the origin of forest biological resources within their intellectual property rights, sui generis or other relevant systems for protection, as appropriate, in accordance with the Convention on Biological Diversity and other relevant international agreements, and taking into account national law;]

An alternate text was suggested for paragraph (i).

Alt.[(i) [Encouraged] [Urged] countries to promote fair and equitable sharing of the results of research and development and the benefits arising from the commercial and other utilization of [biological resources] [forest genetic resources] (as defined by the Convention on Biological Diversity), [especially addressing the recognition to the origin of forest biological resources within their intellectual property rights, sui generis or other relevant systems for [IPR] protection, as appropriate,] [on mutually agreed terms,] consistent with the relevant provisions of the Convention on Biological Diversity [and taking into account national legislation and international and domestic law related to intellectual property rights;] [and other relevant international agreements and national legislation];]

Several delegations recalled that paragraph (j) was considered in working group 1, under paragraph 7 (c) of traditional forest-related knowledge, and therefore proposed its deletion in this programme element.

[(j) Encouraged countries to develop appropriate [national] mechanisms and/or measures to enable indigenous people, local communities and forest-dependent groups to realize the potential benefits of traditional forest-related knowledge in cooperation with the Convention on Biological Diversity, through the establishment and enforcement of intellectual property rights linked to this knowledge [including the giving of due recognition to the use of traditional forest-related knowledge in patent applications for technologies];]

The following alternate text was suggested for paragraph (j):

Alt.[(j) Encouraged countries to develop appropriate mechanisms and measures for the use of TRFK, consistent with the Convention of Biological Diversity such as the establishment and enforcement of TRFK related intellectual property rights as well as the prior informed consent from and due recognition of knowledge holders in patent applications so as to enable indigenous peoples, local communities and forest dependent groups to realize the potential benefits of their traditional forest related knowledge in technology development.]

(k) Urged all countries, in particular developed countries, to pursue actions that would facilitate the transfer, development and application of environmentally sound technologies for and analyse the implications of the use of wood and non-wood by-products created by forest harvesting and wood processing for industrial and domestic purposes, giving special attention to wood-waste materials as an energy source;

(l) Called upon countries to undertake steps to ensure equal opportunities for women, in particular indigenous women and women in rural areas, to become beneficiaries of environmentally sound forest-related technologies, know-how and extension services;

(m) Urged countries to strengthen outreach programmes targeted at women in the areas of education, training and microcredit, related to community development programmes and household use of wood, wood lots for fuelwood and energy-efficient cooking technology;

(n) Urged countries and relevant international organizations to use data and information that are disaggregated by gender in sectoral surveys and studies used in the development of technologies for sustainable forest management policies and projects.

United Nations E/CN.17/IFF/2000/L.2/Add.7

Economic and Social Council

Distr.: Limited
10 February 2000

Original: English

Commission on Sustainable Development
Intergovernmental Forum on Forests
Fourth session
New York, 31 January-11 February 2000
Agenda item 7
Adoption of the report of the Forum on its fourth session

Draft report

Trade and environment (programme element II.b)

Conclusions

1. Mutually supportive trade and environment policies can effectively promote the achievement of the management, conservation and sustainable development of all types of forests. Given that trade and environment policies have their specific objectives, decision makers, including trade partners, should contribute to achieving trade in wood and non-wood forest products and services from sustainably managed forests, and implement policies and actions, in particular, avoiding policies tha. have adverse effects, either on trade or on the sustainable management of all types of forests. It is important to take into account the needs of developing countries for social and economic development and environmental protection, in particular poverty alleviation.

2. The impact that international trade in wood and non-wood forest products has on sustainable forest management can be both positive and negative. Trade liberalization adds value to the resource and has the potential to promote economic development, contribute to poverty alleviation and reduce environmental degradation, provided it is accompanied by sound environmental and social policies. However, trade liberalization must not be a vehicle for undermining domestic environmental and health standards which are consistent with international trade rules. Countries should study the positive and negative impacts of trade policies on sustainable forest management. The Uruguay Round yielded significant reductions to tariffs affecting forest products. Special attention should be given to remaining and emerging trade restrictions which constrain market access, particularly for value-added products. Trade measures intended to promote sustainable forest management should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

00-28981 (E) 100200

3. The Intergovernmental Forum on Forests (IFF) recognized the potential role of voluntary certification of forest management and labelling of forest products as among the potential tools in promoting sustainable forest management and differentiating forest products and services in the market. However, more practical experience is necessary to reach conclusions on the effectiveness of such programmes. Moreover, unsuitable design or non-transparent application of such schemes may in some cases lead to unjustified obstacles to market access. In particular, small and medium-sized forest owners and enterprises, including those of developing countries, may find it excessively costly to implement certification and/or labelling schemes. In the context of these issues, IFF took note of the work of the World Trade Organization (WTO) with regard to voluntary eco-labelling schemes. The proliferation of certification and/or labelling schemes calls for further cooperative work, in line with Intergovernmental Panel on Forests (IPF) recommendations, towards achieving their international comparability and considering their equivalency while taking into account the diversity of national and regional situations.

4. Forest products and services and their substitutes should be adequately valued through full-cost internalization, which in turn would influence competitiveness of these products and services. In this context, countries should undertake analyses of the implications of such valuation on forest management and economic development. Countries should also implement full-cost internalization strategies for forest products and services and their substitutes, taking into consideration the potential costs and benefits of improved efficiency and sustainability of the forest sector.

5. Some available studies carried out on the relative full life-cycle analysis of the environmental impacts of forest products, and their substitutes suggest that the former may be preferable, but further work on such life-cycle analysis is needed.

6. Increased market transparency is essential in order to improve the market access for forest products and services [, including those coming from sustainably managed forests]. In this regard, the role of the private sector is vital but action is also needed by all interested parties to improve market transparency. A better understanding by both producers and consumers of the potential relationship between trade in forest products, forest services and their substitutes and sustainable forest management could help to promote responsible choices in the supply and demand for forest products, forest services and their substitutes.

7. The nature and extent of illegal trade in wood and non-wood forest products, including forest related biological resources, is a serious concern due to damage to ecosystems, loss of biodiversity, lost revenue by Governments, forest owners and local and/or indigenous communities, and distortion of markets for forest products and services. National policies and international cooperation are important to reduce illegal trade with the aim towards its elimination.

8. Recent changes in the markets for forest products, such as those caused by the recent financial crisis, have raised concerns on the ability to continue the implementation of measures aimed at sustainable forest management but have at the same time increased the need for it. The long-term impacts of such unpredictable events on efforts to promote sustainable forest management need examination and monitoring. Such situations highlight the need to develop strategies for sustainable forest management with a long-term perspective so that the negative effects of short-term market changes can be minimized.

9. Developing countries with low forest cover and small island countries have special problems in developing their forest sectors to meet local needs for forest products and services. They depend, in many areas, on other countries to satisfy their needs for forest goods and services. Trade is essential to meet such needs, and international economic and

trade policies may have serious impacts on the efforts of these countries to expand and rehabilitate their forest cover.

Proposals for action

10. IFF stressed the importance of implementing the IPF proposals for action on trade and environment. In order to further their effective implementation IFF:

(a) Urged countries, including trade partners, to contribute to achieving trade in wood and non-wood products and services from sustainably managed forests, and implement policies and actions, in particular avoiding policies that have adverse effects, either on trade or on sustainable forest management;

(b) [Supported continued efforts by countries and the World Trade Organization towards trade liberalization giving special attention to removing remaining and emerging trade restrictions which constrain market access, particularly for value added forest products;]

(c) [Urged countries, international organizations [including WTO] and other interested parties to undertake further cooperative work on certification and or voluntary labelling schemes, in line with the recommendations of IPF, towards achieving their international comparability and considering their equivalence, taking into account the diversity of national and regional situations [and to ensure that such schemes do not lead to unjustified obstacles to market access;]]

(c) *bis* [[and to ensure such schemes do not lead to unjustified obstacles to market access.] Urged that when voluntary certification and/or labelling schemes are developed and applied, they be done so in a way to promote sustainable forest management and to avoid unjustified obstacles to market access;]

(d) Urged countries to undertake analyses of the implications of full-cost internalization on forest management and economic development and implement full-cost internalization strategies for forest products and services and their substitutes;

(e) Requested countries, international organizations and other interested parties to undertake further work on full life-cycle analysis of the environmental impacts of forest products and their substitutes;

(f) Called upon all interested parties to take action to improve market transparency, taking into account the role of the private sector, to help promote responsible producer and consumer choices in the supply and demand for forest products, forest services and their substitutes;

(g) Called upon countries to consider appropriate national-level actions and promote international cooperation to reduce the illegal trade in wood and non-wood forest products including forest related biological resources, with the aim of its elimination;

(h) Urged countries to develop strategies for sustainable forest management with a long-term perspective so that the negative effects of short-term market changes, such as the recent regional financial crises, can be minimized;

(i) Urged countries to recognize the special importance of imports of forest products for countries with low forest cover and fragile forest ecosystems, and small island developing States to satisfy their needs for forest products and services to assist them in expanding and rehabilitating their forest cover.